



## *Report to the Auburn City Council*

Action Item

Agenda Item No.

City Manager's Approval

**To:** Honorable Mayor and City Council Members  
**From:** Tim Rundel, City Manager  
Dylan Feik, Administrative Services Director  
**Date:** April 27, 2015  
**Subject:** Auburn Employee Association Memorandum of Understanding

### **The Issue**

Shall the City Council approve the negotiated Memorandum of Understanding between the Auburn Employee Association and the City of Auburn?

### **Conclusions and Recommendations**

No action is needed on this item. Pursuant to the City of Auburn's Employer-Employee Relations Policy, Article III Section 17.3, the proposed memorandum of understanding and accompanying fiscal analysis (provided herein) shall be made available for public review for a minimum of two (2) weeks prior to the City Council taking action on the MOU in an open public meeting. The contract will be brought back to Council on Monday, May 11th, 2015 for Council approval by RESOLUTION.

### **Background**

As a means to secure a current Memorandum of Understanding (MOU) between the City of Auburn and the Auburn Employee Association (AEA), both parties entered into negotiations in October 2014 which included implementation of the City's new "Transparency in Bargaining," rules. City management efforts identified several key areas of emphasis for labor negotiations with the City's seven (7) recognized bargaining units. The areas of emphasis identified in the AEA MOU are:

- Primary focus of reducing City's leave balance problems including long-term, unfunded liabilities in vacation leave, sick leave and mandatory-time off (MTO).
- Implement cost-effective and equitable salary modifications.

The negotiation process initially concluded when the AEA and City reached tentative agreement on a successor MOU on March 31<sup>st</sup>, pending final Council approval authority. Both parties tentatively agree to the following general changes:

- Term of MOU - 13 month MOU effective May 11, 2015 – June 30, 2016

- Salary Increases - 3% salary increase effective upon signing. Employees will also receive a \$500 lump sum payment which does not increase base salary.
- Step Salary Schedule - Implement new 10 Step salary schedule with 2.5% range between steps for all future employees. Current employees remain unaffected (5 Step schedule with 5% range).  
  
Implement new Step F (3%) increase to all classes on January 1, 2016.
- Lateral Hires - Language was included to allow the City to recruit lateral hires above the first step.
- Sick and Vacation Leave Bank B - Existing sick and vacation leave balances will be moved into separate leave bank (Bank B) and will be frozen at the employee's current rate of pay prior to the MOU being signed. SL/VL will no longer be accrued to Bank B. Under the new MOU rules, sick leave will have zero cash value and VL caps will be enforced. Implementation of "hard accrual caps" will be enforced which means employees will no longer accrue leave once a cap is reached.
- Mandatory Time Off – Employees will no longer receive biweekly Mandatory Time Off (MTO).
- Retirement - Currently, employees pay 6.73% of salary to PERS. Employee contribution will increase to 7.0%.
- Close City Hall - MOU includes mandatory use of 24 hours of leave during the Christmas holiday season. Leave must be accrued and unused (excluding sick).
- Vacation - Employees will be allowed to cash out 100 hours of accrued and unused vacation leave before June 30, and 40 hours per year thereafter.
- Sick Leave - Existing MOU permits the cash out of sick leave under certain circumstances. The new MOU will no longer permit the cash out of sick leave and will allow it to be used for any sick leave purpose or PERS service credit. Also, future accrued and unused sick leave may no longer be used to offset medical premiums for retirees.
- Tuition Reimbursement - City will reimburse an employee up to \$1,200 for City-approved tuition/education reimbursement per year.

- Classification & Pay Study - City will complete a job classification and pay study for AEA classifications by no later than 9/1/15. Both parties will participate in the study and all findings are subject to Council approval. The overall goal is to objectively ascertain whether adopted job descriptions are current with actual practices.
- Cleanup Items - AEA and City collaboratively worked through MOU and revised and/or updated language to ensure current laws, rules, and/or policies are included.

The City and AEA were able to agree upon a multi-year contract. Additional City funding (new money) for salary is limited to the base salary increase of 3%, \$500 lump sum payment, and new top step salary increase.

**Alternatives Available to Council; Implications of Alternatives**

1. Adopt a resolution to authorize the City Manager to execute the Memorandum of Understanding between the Auburn Employee Association and the City of Auburn for the period May 11, 2015 through June 30, 2016.
2. Do not adopt a resolution and direct the City Manager accordingly.

**Fiscal Impact**

The total increase to personal services budgets are as follows:

Fiscal Year 2014-15	\$ 42,749 General Fund Increase
Fiscal Year 2015-16	\$ 46,874 General Fund Increase

However, the net impact of this contract is best-summarized by the net budget effects of the significant leave reforms and salary modifications (PERS swap, elimination of sick leave sell back, vacation buy back, etc.) accomplished through this MOU. The net impact is as follows:

Fiscal Year 2014-15	\$ 9,716 General Fund Increase
Fiscal Year 2015-16	\$25,754 General Fund Increase

The savings referenced above will be included in the upcoming budget being recommended for Fiscal Year 2015-16.

***The tentative Memorandum of Understanding between the City of Auburn and Auburn Employee Association is available for review in the City Clerks Office and the Administrative Services Department***